

AMENDMENT THREE
BETWEEN
THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
AND
THE KANSAS FOUNDATION FOR MEDICAL CARE, INC.
FOR
UTILIZATION REVIEW SERVICES

The above referenced agreement was entered into by and between the Kansas Health Policy Authority, hereinafter referred to as KHPA and Kansas Foundation for Medical Care, Inc., hereinafter referred to as KFMC beginning July 1, 2007. Effective July 1, 2011 the KHPA was transferred to the Department of Health and Environment, as The Division of Health Care Finance, hereinafter referred to as ("KDHE-DHCF"), in accordance with Executive Reorganization Order No. 38, hereinafter referred to as "ERO No. 38," by Governor Sam Brownback on February 4, 2011.

The Parties hereto agree to amend the contract as follows:

I. **Contract Term:**

The above referenced contract, dated July 1, 2007, and any subsequent addenda, shall be extended for the period commencing July 1, 2013 continuing through June 30, 2014, for the second of five (5) optional additional one-year renewal periods.

II. **Performance Bond:**

The performance bond requirement, as per the original, signed RFP #10084 - Section 4.7 Performance Bond is hereby deleted and replaced in its entirety with the following:

" 4.7 PERFORMANCE BOND

KFMC will file with the Director of Purchases a Performance Bond in an amount equal to \$200,000.00 as security for the faithful performance of this contract."

III. **Scope of Work:**

A. **Retrospective Reviews (RFP Section 5.2.1):**

The volumes, referenced in the tables below, are projected based upon the first eight (8) months of actual claim counts for 2013. KFMC will collaborate and communicate with KDHE staff (monthly) to identify claims and how projected claim volumes compare to actual case reviews completed.

Unforeseen variations in Medicaid claim volumes may require KFMC to substitute other approved Mandatory Retrospective Review Selection Categories rather than a set 1/12th of each approved category per month. KDHE staff and KFMC will meet on at least a monthly basis to review/discuss the selection process and substitutions. Above all, any case substitutions must not be cause for KFMC to exceed the maximum contracted cost for all reviews during the contract period.

1. Retained Mandatory Reviews by Selection Category:

KFMC will perform retrospective reviews for the contract period July 1, 2013 through June 30, 2014. KFMC will review 100% of paid claims as per Section 5.2.9 for the selection types listed below.

Type of Review	Cost per Review	Claim Volume Jan-Aug 2013	Projected Yearly Claim Volume	Projected Cost
HW DRGs	\$78.00	8	11	\$858.00
KU	\$141.00	100	141	\$19,881.00
Readmissions	\$113.00	20	28	\$3,164.00
Cost Outliers	\$144.00	45	64	\$9,216.00
Day Outlier	\$132.00	22	31	\$4,092.00
ASC	\$79.00	48	68	\$5,372.00
TOTALS:		243	343	\$42,583.00

2. Retained (Proposed Additional) Selection Categories:

KFMC may perform retrospective reviews for the contract period July 1, 2013 through June 30, 2014 for the retained proposed additional selection categories listed below.

Type of Review	Cost per Review	Claim Volume Jan-Aug 2013	Projected Yearly Claim Volume	Projected Cost
Short Stays	\$129.00	151	213	\$27,477.00
Long stay with 1 CC	\$86.00	58	82	\$7,052.00
Long stay with >1 CC	\$78.00	53	75	\$5,850.00
Long stay with no CC	\$78.00	199	281	\$21,918.00
TOTALS:		461	651	\$62,297.00

3. Eliminated Mandatory Reviews by Selection Category:

Due to the implementation of KanCare Managed Care contracts January 1, 2013, Table 5.2.1-1 of the RFP proposal is revised to remove "Hospital Transfers (within the same peer groups)" case reviews as a mandatory review selection category.

4. Modified & Expanded Mandatory Reviews by Selection Category:

Due to the implementation of KanCare Managed Care contracts January 1, 2013, Table 5.2.1-1 of the RFP proposal is modified to expand/add the following case review types as a mandatory review selection category. KFMC will review 100% of paid claims as per Section 5.2.9 for the added selection types listed below.

Type of Review	Cost per Review	Claim Volume Jan-Aug 2013	Projected Yearly Claim Volume	Projected Cost
(a) PSY 1 - EOB 1083	\$141.00	0	5	\$705.00
(b) PSY 2 - Psychiatric Inpatient Unit Admins	\$226.00	116	174	\$39,324.00
(c) ER	\$84.00	1,685	2,379	\$199,836.00
(d) OBS	\$108.00	37	52	\$5,616.00
TOTALS:		1,838	2,610	\$245,481.00

a) PSY 1 - EOB 1083:

Psychiatric claims with medical manifestations will be reviewed to determine if the patient was admitted for psychiatric services or for the non-psychiatric medical condition on the claim.

b) PSY 2 – Psychiatric Inpatient Unit Admissions:

Psychiatric Inpatient Unit Admissions (PSY 2) will be reviewed retrospectively to ensure the medical necessity of services.

c) ER (Emergency Rooms):

Emergency room admissions will be reviewed to validate the level of service billed.

d) OBS (Observation) Room Admissions:

Observation room admissions will be reviewed to validate the level of service billed.

B. Quality Reviews (RFP Section 5.2.2):

1. Modified Quality Review Process:

Section 5.2.2 of the RFP proposal is modified to reflect the standardization of all quality review processes among cases to be gross and flagrant quality of care review. With the implementation of KanCare creating a shift from standard Fee-For-Service claims to Managed Care, KFMC will no longer produce the AHRQ and Care Web QI quarterly reports as specified in the RFP.

C. Focused Review (RFP Section 5.2.3):

1. Modification and Addition of Ad Hoc Review Services:

At the State's written request, KFMC will assist with any program needs (Section 5.2.3). If there is a need for services, ad hoc staff rate will be billed, in addition to the total Retrospective and Quality Case Reviews contracted amount, at the rates listed below.

Ad Hoc Staff	Cost per Hour Ad Hoc Support
Ad Hoc – KFMC Physician	\$220.00
Ad Hoc – KFMC Project Staff	\$120.00

D. Reconsideration, Appeals, and Administrative Review and Support (RFP Section 5.2.4):

1. Modification and Addition of Ad Hoc Review Services:

The utilization of KFMC's medical director for administrative hearing/mitigation (Section 5.2.4) and ad hoc consultative physician services will be billed at the rate beyond the total contracted amount, as stated below:

Ad Hoc Staff	Cost per Hour Case Review
Ad Hoc – KFMC Physician	\$220.00
Ad Hoc – KFMC Project Staff	\$120.00

KFMC Project staff will continue to prepare agency summaries and appear at State Fair Hearings as written in the original agreement.

E. Internal Monitoring (RFP Section 5.2.7):

1. Modified Internal Monitoring Process:

Section 5.2.7 is revised to reflect a shift for internal monitoring and quality control through staff collaboration with KFMC's Medical Director, Case Review Manager, and peers on a concurrent review basis.

IV. Costs:

Extension year two (2) payments will be billed on a monthly per case basis along with any hourly service incurred during that month, not to exceed the costs specified below:

Type of Review	Cost per review	Claim Volume Jan-Aug 2013	Projected Yearly Claim Volume	Projected Cost
PSY 1 - EOB 1083	\$141.00	0	5	\$705.00
Cost Outlier	\$144.00	45	64	\$9,216.00
Day Outlier	\$132.00	22	31	\$4,092.00
KU	\$141.00	100	141	\$19,881.00
Private Psychiatric Hospitals	\$226.00	116	174	\$39,324.00
Readmissions	\$113.00	20	28	\$3,164.00
Short Stays	\$129.00	151	213	\$27,477.00
HWDGRs	\$78.00	8	11	\$858.00
Long stay with 1 CC	\$86.00	58	82	\$7,052.00
Long stay with >1 CC	\$78.00	53	75	\$5,850.00
Long stay with no CC	\$78.00	199	281	\$21,918.00
ASC	\$79.00	48	68	\$5,372.00
ER	\$84.00	1,685	2,379	\$199,836.00
OBS	\$108.00	37	52	\$5,616.00
TOTAL Reviews:		2,542	3,604	\$350,361.00
Ad Hoc Consulting Rates	Rate Per Hour	Projected Monthly Usage	Projected Annual Usage	Project FY14 Ad Hoc Consulting/Review Services
Ad Hoc – KFMC Physician	\$220.00	10 Hours	120 Hours	\$26,400.00
Ad Hoc – KFMC Project Staff	\$120.00	20 Hours	240 Hours	\$28,800.00
TOTAL Ad Hoc Services:				\$55,200.00
TOTAL Contract Amount:				\$405,561.00

V. Other:

The remaining terms and conditions of the above-referenced contract (including any attachments and amendments thereto, and documents incorporated therein) shall remain in force and effect and binding on the parties hereto.

IN WITNESS WHEREOF, KFMC, KDHE-DHCF, and the Director, Procurements and Contracts, hereto affix their signatures to the Amended Contract.

Kansas Department of Health
And Environment


Robert Moser, MD
Secretary


12/11/2013
Date

Kansas Foundation for Medical Care


Kenneth C. Mishler,
President and CEO

11/8/2013
Date

Kansas Department of Administration


Tracy Diel, J.D. Director
Purchases and Procurement

12/19/13
Date

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Mark J. McGivern, Interim Secretary

Sam Brownback, Governor

PROCUREMENT NEGOTIATING COMMITTEE ENDORSEMENT
HOSPITAL UTILIZATION SERVICES REVIEW
CONTRACT #10084 - KANSAS FOUNDATION FOR MEDICAL CARE (KFMC)
AMENDMENT THREE

As member of the Procurement Negotiation Committee (PNC) I acknowledge the necessity for and objects of contract Amendment Three and endorse the amendment as written.

Krista Engel
Kansas Department of Health and Environment
(Division of Health Care Finance Designee)

11/8/13
Date

Bobbie Graff-Hendrixson
KDHE Division of Health Care Finance
(Secretary of Administration Designee)

11/8/13
Date

Tami Sherley
Tami Sherley
Procurement and Contracts
(Procurement and Contracts Designee)

November 12, 2013
Date